

# **SENATE SELECT COMMITTEE ON CALFED**

**Hearing on CALFED Bay-Delta Program**

**June 8, 1999**

**Capitol, Room 3191**

**Sacramento, California**

**Senator K. Maurice Johannessen, Chair**

**SENATOR K. MAURICE JOHANNESSEN, CHAIR:** Welcome.

This is one of those things that could probably be not totally gone through in ten hours, but at the same time we do the best we can. At least, get some of the questions answered, explained and so forth. As you probably well know, this probably is going to be some of the more important things that we're going to deal with in the next couple of years, and given the scope, and what CALFED is doing and so forth, is going to be very interesting. But it will also, hopefully, give us a little bit of an opportunity to examine some of the cost benefits and the impacts on that \$4 billion -- I stutter a little bit when I think of \$4 billion program, at least for the first part of it -- and with that I see that Dede Alpert is here, and Costa. Kelley may not make it. Rainey, I think is in the -- Rainey could possibly make it later. And also, Solis will be here. I think she is in the building. Then, Senator Don Perata, is a new one on the committee, but he won't make it today.

So being this is pretty much of an informal kind of a meeting that hopefully, we can get to the bottom of a lot of this kind of thing. And I would like to have Lester Snow who is the director, but I would like have him come up and his whole crew, because he's probably going to need them. It's all right. Are you worried? Come on up. You don't want to be blamed for nothing, do you? Okay. I understand.

Okay. Now the -- we really would like to know, if you could, bring us up to date a little bit, and especially what is new, what has happened. What is the latest thing that you have on the CALFED so that we can get that and then we can go into some questions, if you would?

**MR. LESTER SNOW:** I'll be glad to. Actually, it's been some time since I've been in front of you and so it's a good time for an update, Mr. Chairman and Senators.

Let me start -- and I'll try and be brief because I know that you do have some specific questions that you want to get to and issues that are important -- let me start with how we closed out last year, 1998. And as you are aware, I believe that you are aware, on December 18, 1998, Governor Wilson and Secretary Babbitt held a press conference and released what we refer to as a Phase II Progress Report which we distributed to members of the Legislature shortly after the 18th. And the significance of that document, not only was it a progress report to kind of disclose to the public what was going on in the program, but it started identifying a preferred alternative. And you may recall that when CALFED released a draft EIR/EIS in March of '98, we did not identify a preferred alternative, but rather, tried to talk about all the different alternatives equally and not declare where we were headed with the preferred alternative. And so the December report was an important milestone for us in terms of trying to get the public engaged in how we were dealing with some of the more controversial issues.

Now, the schedule that we are on now would be to release a revised draft EIR/EIS on June 25th -- Friday, June 25th, that would include an official programmatic preferred alternative, and that in turn will trigger a 90-day comment period. We are scheduled to hold hearings and have a lot of workshops around the State. That would lead to an April 2000 final

environmental document and a record of decision under NEPA and a certification under state law under CEQA in June, twelve months from now.

The significance of the Record Of Decision, as well as the certification, is twofold: one, it is the initiation of actual implementation, and two, you may recall under Prop. 204, a specific portion of funds, \$390 million for ecosystem restoration, can only be released by the state once a certification has been made by the Resources secretary.

**SENATOR JOHANNESSEN:** Was that done?

**MR. SNOW:** It will be done after the certification of the final document in June of 2000.

**SENATOR JOHANNESSEN:** So the funding that is already being expended, and it's not part of that 204.

**MR. SNOW:** That is correct. It's not part of that provision in 204. There is another provision of 204 that we have expended funds under.

Since December -- I'll just highlight a few of the kind of important issues and important changes. And perhaps in the briefing book, if I could refer you to the Preferred Alternative Section, the tab, and starting on page-13, talk about water management strategy. But actually, as I think back in terms of the last time we met as a group, there is another major development that I want to describe that was included in the draft -- December draft. And you may recall that much of last year we spent with great deal of controversy about an isolated facility or peripheral canal, and the issue was its relation to drinking water quality. Where we ended up in December, and where we continue to be within the CALFED Program is, we've made a commitment to continuous improvement in drinking water quality, but to do so in a through-Delta strategy, meaning, not with construction or consideration of construction of an isolated facility. And should down line, many years down

the road, it be determined that you have to reconsider that, it would require a re-issuance of an environmental document. So it is a significant change in the program that happened last summer in dealing with that specific issue.

In terms of a water management strategy, many of the remaining issues ended up with the proper mix of conservation, reclamation, storage, surface and groundwater, utilization of transfers. In order to do that we have come up with an overall strategy -- a water management strategy that shows you have a number of objectives that you want to achieve -- again, I'm referring you to page-13 -- and a number of tools to do so. And so we've tried to put everything in the context of a matrix like this as we move forward on trying to find the right mix.

Our initial assessment as disclosed in December, and continues to be, that you need to have a mix of all of these tools; that there is no one single tool that fixes the problems of the Bay-Delta system.

Having said that, a lot of the controversy through the end of last year and the beginning of this year, has been the proper role of surface storage. The way we have attempted to deal with that issue is development of what we call, an Integrated Storage Investigation -- which is highlighted on page-16, and you'll periodically see us refer to the ISI as we slip into our jargon, and that stands for Integrated Storage Investigation.

The point of that investigation is to look at groundwater storage, surface water storage, that is both new off-stream, as well as expanded existing on-stream, consideration of re-operating hydropower facilities and their integrated conjunctive operation to see how we meet the storage needs of the program. So where we are is making a determination that storage is an important part of the solution. We have not resolved how much of that

should be, needs to be, new surface storage and that is the purpose of the Integrated Storage Investigation.

The final development that I would mention is that of the concept of an environmental water account. Currently, when we have conflicts between water operations and endangered species, such as Delta smelt or winter run salmon, we end up putting in place fairly prescriptive, often rigid standards on operation, such as closing the cross channel, or throttling back on pumping during this specific calendar period.

The concept of the environmental water account is that of flexible operation instead of regulatory standards. What that means is that the environmental water account would have assets; money and water in storage that would be used to monitor fish, and when it was determined fish were in proximity of a diversion, or the cross channel, or some other feature, operations could be changed, but the users from that system would not be shorted water in that they would be traded water out of the environmental water account, thus being able to achieve enhanced fisheries protection without the necessary loss by the water users on the system.

There is an intense effort going on, literally as we speak, to try to refine what is necessary for the environmental water account. As we are here, joined today, it still looks like one of the critical features to meet CALFED objectives in terms of reducing conflict in the system, achieving ecosystem restoration while at the same time achieving water supply reliability.

The final point that I would like to make in terms of the last time that we met -- and I'll go over this very quickly -- but to date, \$254 million has been made available for ecosystem restoration purposes. Starting in 1995, with water users contributing a little bit over \$32 million, and then including

\$60 million out of Prop 204, and \$160 million from two federal appropriations in fiscal year '98 and '99. Of that \$254 million, \$222 million has been allocated to projects, and that's about a total of 195 projects. So we have seen the implementation of ecosystem restoration activities on a lot of different projects, and in many different scales and locations throughout the region. Those monies, again, have come about as previous commitments from the Bay-Delta Accord and provided by Prop. 204, as well as the Federal Bay-Delta Act and some other ancillary sources of water -- sources of funding.

So as I think the committee members are aware, there has been a lot of activity going on trying to find projects, including the most recent where CALFED sent out a public solicitation, or set up a public solicitation process, to distribute \$18.7 million. That resulted in 226 projects or submittals to CALFED totaling \$264 million. So we advertised having 18.7, we got proposals for \$264 million, indicating a lot of interest in trying to do more projects like Butte Creek, or Battle Creek, or name any of the many success stories that are starting to emerge out there.

I think at this point, knowing that you have a number of questions that you want to get into, Senator, I will pause there and be glad to follow up on specific issues.

**SENATOR JOHANNESSEN:** All right. Thank you. In August last year, you indicated that you would have a report that basically answers some of the comments and inquiries that you have taken from the public. That's supposed to have been in by October of last year or something. Do we have that yet? Or is there any --

**MR. SNOW:** Well, there's two ways to respond to that: one is, we tried to summarize in our Phase II Report in December -- and if I remember, Dan, we actually brought copies of that section -- the nature of the general

questions that we received from our last draft -- and I'll discuss those in a moment -- but also the primary response to the comments that we got are really reflected in the draft that we expect to come out with later this month where we've tried to pick up the basic issues that have been identified and try to respond to them in a programmatic level. You may also recall that many of the questions were very detailed and very specific and there's no way for us to deal with the specific questions in a programmatic document. However, in this summary you notice that we indicate here that despite the fact that we got \_\_\_\_\_

**SENATOR JOHANNESSEN:** What I want to basically -- what I'm looking for is whether or not the draft, the EIS/EIR, has changed the original document in any way as a result of that, or if, quite frankly, that was just a waste of time.

**MR. SNOW:** Well, actually, there's been substantive changes to the document in a number of fashions. The March draft -- and I'll just pick two -- you'll notice the five that we got the most comments in: water conservation, new facilities, ag issues, area of origin, finance, beneficiary pays, we got a lot of comments on facilities and a lot of those comments were related to the issue of isolated facility or peripheral canal, and many comments expressing the environmental harm that could be done by such a facility, and the difficulties of insuring proper operation. We have responded to those issues and concerns by devising another strategy, other than the peripheral canal, to achieve the two benefits that came from it, first, water quality, and second, fisheries. And so in fact, we've had a substantive change in the physical structure of the program as a result of responding to those types of concerns.

And another issue --

**SENATOR JOHANNESSEN:** When you say fiscal structure, what do you mean? Still there but re-designed?

**MR. SNOW:** No. No. It's not part of the preferred alternative.

**SENATOR JOHANNESSEN:** Okay. I just want to make sure you knew.

**MR. SNOW:** And on ag issues, there has been, and continues to be, a concern about trying to limit the amount of ag land that is impacted, negatively impacted, by the program. And one of the things that was suggested through last summer and into the fall was trying to set up some system of priority so that as you need to deal with lands for creating habitat, you try to focus on public lands first, easements second, fee title acquisition as a last resort, particularly when you intend to end up with a conversion of land use. We have, in fact, incorporated that into the program. We have, in the draft that will come out later this month and in some of the work we have published as part of our reports, developed a great deal on the issue of beneficiary pays, how we intend to proceed with that. We have developed specific language on protection of area of origin and water rights. So we have tried to respond to each of these areas. And I would add that by the time we go final -- as I said earlier, that's expected to be April of 2000 -- by law there must be a responsive summary to the comments that we get this summer on a point by point basis.

**SENATOR JOHANNESSEN:** Now, in one of your letters, I think it was January 4th, you stated that you have a possible higher increase level of interest in the economic impacting from an implementation of whatever -- what economic impact will they have on what you're doing in the purchase of land or whatever, the things that you are doing? And you also indicated that the possible impact that you would have on some of the regional statewide



basis, so you remember we talked about what do you mean regional? Is it north of Sacramento? Central Valley? What is it? And also, you also stated an example the draft had arranged for \$50, \$135 million in loss and gross farm revenues. But then you also go on to say that the draft shows a range \$14 to \$36 million in increase in revenue from recreational fishing business. But there is still, even if those things are correct, you're still looking at \$36 to \$99 million worth of loss. Is that still holding true? Are you still using the economic impact -- the third-party impact and so forth in doing this?

**MR. SNOW:** We still make some assessment of that. I'm afraid I don't know off the top of my head if those numbers have changed in our most recent analysis. I can check on that and provide the committee a response.

**SENATOR JOHANNESSEN:** Okay. I'm curious because the economic impact obviously is what is going to cost us some severe trauma, especially in the smaller rural counties. The other thing -- I think you also stated that any economic impact would be mitigated. Is that still -- so these losses, I'm curious, how are you going to do the mitigation on that if you have those kinds of losses? What kind of mitigation can CALFED do?

**MR. SNOW:** Well, the issue of economic consideration or economic impact will be dealt with at a project level and we're not -- we're certainly not setting the standard that any impact will be mitigated. Certainly, any significant impact will be mitigated in compliance with CEQA and NEPA.

**SENATOR JOHANNESSEN:** Are you going to comply with the CEQA requirements?

**MR. SNOW:** That would be our intent, yes.

**SENATOR JOHANNESSEN:** Yes. I know. The best intention and so forth. But I'm just asking flat out, are you going to?

**MR. SNOW:** Yes. We are.

**SENATOR JOHANNESSEN:** All right. Good. Just wanted to make sure. Well, the problem that you dealt with, we had a bill that was going through which basically said that any additional conversion of land or any purchase through this CALFED, not even CALFED, whatever, Fish & Wildlife, Fish & Game, I don't care what it is, would have to be complied with the same CEQA requirements as a private individual would have, and of course you know what happened to that. It was -- the government can't possibly be expected to comply with the same loss as private individuals, so that reached probably, I would say, what would you say, about the first 20 seconds, 30 seconds of the committee meeting or something like that? It went rather quickly when that was killed, which we anticipated, but I also wanted you to tell me the fact that you intend to do that, stay within the CEQA guidelines and make sure that we do that because that will obviously have the impacts pretty well spelled out. And I'm hoping you'll do that.

The examination that you had done -- the report on the wetlands and the planning how that information is being incorporated in a new draft, EIS/EIR, you made an examination of the wetlands, is that incorporated in that too?

**MR. SNOW:** I'm not sure what examination you're referring to.

**SENATOR JOHANNESSEN:** Well, there was an examination -- CALFED had an examination and it was a taskforce to report on wetlands and so forth, did that --

**MR. SNOW:** We've looked at wetlands in a number of regards: one, the issue of managed wetlands and how to best use water on managed wetlands. Those are associated typically with migratory fowl. And we certainly also have made an assessment of the wetlands, tidal wetlands necessary as part of the Ecosystem Restoration Program.

**SENATOR JOHANNESSEN:** Specifically, you may recall that there was an additional something like 636,000 acre feet of water required for this at habitats. I'm not so sure whether or not that is part of the 800,000 which was taken from the Central Valley, or if this is a new 636,000 acre.

**MR. SNOW:** I'm not familiar with that number, 636,000 associated with new wetlands.

**SENATOR JOHANNESSEN:** Yes. As identified as a source with additional, yes. So that question I had, if CALFED has identified the source of that additional water? So the answer is, no. You haven't.

**MR. SNOW:** Yes. But also that would indicate that I'm not sure the 660 some thousand acre feet of water is associated with the CALFED Program.

**SENATOR JOHANNESSEN:** Do we have that?

**MR. DOUG HAALAND:** Yes. In the interim report, Director Snow, that the committee put out last year. What staff did was take the aggregate total of habitat identified for potential conversion by the program and took the taskforce report on wetland managed water use and applied the water use levels identified by the taskforce to the acreage identified by CALFED, and above and beyond projected agricultural use of 3.75 acre feet per acre, there was an additional need for water for the habitat of 636,000 acre feet. I believe that what the Senator is referring to, in your response you indicate that you are going to undertake an examination of wetland water use and so that's the 636,000 he's referring to.

**SENATOR JOHANNESSEN:** I'm just curious where you are with it.

**MR. SNOW:** Yes. I think the assessment that we did at that point, at a programmatic level, indicates that that particular methodology for estimating water use probably doesn't hold up in the Delta, and in particular,

where you're creating wetlands. And there are some situations where the conversion of land to wetlands will probably have very little impact on total consumption, and in other places that it will. But I don't think that we -- I'll have to get back to you on that.

**MR. HAALAND:** The taskforce report was fairly clear and specific. It didn't differentiate too very much. It was a fairly well put together report.

**MR. SNOW:** But it's two different issues. Much of the wetlands issues that we're talking about in CALFED, where we are concerned about the interface of agricultural land, are tidal wetlands in the Delta. The taskforce report dealt with managed wetlands as part of refuges or other processes and so it's much more managing like a farm field in the Central Valley, versus conversion of peat soils in the Delta. It's just a very different physical situation.

**SENATOR JOHANNESSEN:** But you do have -- you do get together so we know what the requirements would be in addition. What I'm trying to identify is how much water are we talking about? What exactly is going to be needed? And where is it going to come from? Who's going to bear the burden of it? So we're trying to identify that. So if you're going to do this much restoration, this much wetland, and we also know that there is at least twice -- two or three times more water needed for wetlands than there is for agricultural needs, so therefore, we all know what the emphasis is on. So we have to make sure there is enough water there to do it with.

The other thing we've been talking about, storage, and obviously being at least with some, an extremely touchy issue, and as you well know, it isn't with me, we're just going to have to get it, but we have

been very careful in not having any indication that storage studies, or otherwise, would be included in that water bond that's been working through the Legislature. The answer to that was, out of the \$1.8, \$1.9 billion -- \$1.8 billion had absolutely nothing in it for storage, above ground storage. And the information was, that \$10 million -- which was really a pittance to deal with -- but \$10 million would be used out of the budget itself, for the purposes of at least getting started on the studying. And being that we know they're going to take about six to seven years to get it through the process and all of the rest of it anyway, that we're running short of time. But are you also aware that that \$10 million was stripped from the budget coming through now? They took that out. So my question to you is, would you be amenable to supporting any kind of funding for that purpose in the bond -- in the water bond?

**MR. SNOW:** My first course of response would be to get it back into the budget, and we need to cross that bridge before we come to the bond discussion. I actually am still confident that we will see storage planning money in the budget, and hope we can count on your vote in that regard.

**SENATOR JOHANNESSEN:** I know that Senator Costa -- probably comes as a little bit of a surprise to him too -- probably was taken out of the budget, I would assume.

**SENATOR JIM COSTA:** No. It didn't come as a surprise, Mr. Chairman. And I know it's still under negotiation and I concur with Mr. Snow. I know that there is leveraging going on and that's what we see taking place. And I believe that when we get a final budget, if the

Governor has anything to say with it, there is going to be \$10 million in there for storage.

**SENATOR JOHANNESSEN:** Okay.

**SENATOR COSTA:** It would come as a surprise -- no. I don't feel confident. I know there are a lot of distractors to this. But I know the Governor supports the same position that you and I do. I think it's important, also, to get an assessment of how much money that we have currently. You said this is the first \$10 million. I think we have over \$30 million that has been so far invested in surface storage. Do you have a total of what the current amount of the dollars are that have been studied between sites and other facilities?

**SENATOR JOHANNESSEN:** All I have is seven options that were left on the table. I think it was about seven options.

**MR. SNOW:** In the last two years, what I'm familiar with is, first off, Prop. 204 provided feasibility monies. I think that ended up being somewhere between \$5 and \$6 million for a sites investigation that DWR has been conducting. And then this current fiscal year, State Fiscal Year '98, '99, included \$10 million in the budget to continue those efforts. And so on that kind of fast track, or focused look, on north of Delta off-stream storage there has been to date, I believe, \$16 million plus the \$10 that would be in this year's budget to keep that moving at the reasonable pace you can keep a project moving. So I think back to one of your earlier points, that the \$10 million in the budget is adequate to keep this moving forward. Now, what we have added to the DWR effort is, consideration -- broader consideration of groundwater storage, and also an integration of evaluating hydro facilities to see if they can be used in a manner to create water supply

benefits. And we would expect, when the federal budget is passed, to bring some federal money to the table on these points.

**SENATOR JOHANNESSEN:** Do you -- in the PG&E question, I think it's about 36, 38 hydro projects, dams, I don't know how many hundreds of miles worth of canals and everything else -- are you in any way involved in looking into that? Or seeing in what way that could be used for the purposes of CALFED issues?

**MR. SNOW:** Yes. A critical part of our Integrated Storage Investigation, in cooperation with DWR, is a formal analysis of how these facilities could be re-operated. The example that we have used, and others from RCRC have used the same example, is looking at re-operating Lake Almanor in connection with operating Lake Oroville in connection with the potential Butte County groundwater recharge projects to see what a system like that can produce in additional water supply benefits, both locally, as well as to the broader system. So we are engaged with DWR in that effort and we have been in contact with PG&E to get additional information on the operation of their facilities.

**SENATOR JOHANNESSEN:** Okay. Go ahead.

**SENATOR DAVID KELLEY:** What is the capacity of sites?

**MR. SNOW:** Sites has different configurations. I think the largest you could get it up to is something around 3 million acre feet. If I remember right, the -- and I think there's somebody from NCWA in the audience here who would know the exact numbers -- 1.5 million, I think is kind of a reasonable level that most people talk about.

**SENATOR KELLEY:** When you talk about off-stream storage facility capacity 16 million in, how many sites are there?

**MR. SNOW:** In DWR's very focused investigations in the Sac Valley, it's four locations that they're looking at, and sites is actually named in some of the authorizing legislation. So they're focusing on that and the reasonable alternatives to it in the area.

**SENATOR KELLEY:** And the floor would have a total capacity of how many feet?

**MR. SNOW:** That I don't know off the top of my head.

**SENATOR KELLEY:** And then the groundwater -- the four surface water \_\_\_\_\_ is another study all together?

**MR. SNOW:** We're linking the studies together.

**SENATOR KELLEY:** Why?

**MR. SNOW:** Because it turns out that the -- how well you do in groundwater storage sometimes depends on how much access do you have to a surface water reservoir to refill your groundwater basins. But there is literally millions of acre feet of available storage. Since we started this we've gotten many letters from Southern California talking about potentially greater storage capacity in the groundwater basins down there.

**SENATOR KELLEY:** (tape blank) any doubt that you're looking at -- was that the intention when you originally started on the Bay-Delta studies, to expand to where you are now with these off-sites and the (tape blank)

**MR. SNOW:** That wasn't the original intent, but it probably only took six months before there was a recognition that --

**SENATOR KELLEY:** That there was an impact.

**MR. SNOW:** To fix the Bay-Delta system you need to look very



broadly, and the most obvious link is, that what Southern California does in conservation and reclamation is important to the Bay-Delta system.

**SENATOR KELLEY:** Everything we do down there. You've got the (tape blank) beyond that do you see yourself expanding or anything? (tape blank) is there anything else that --

**MR. SNOW:** The other things that have gone into that larger geographic area has been conservation and water recycling. And it's the same principle, the more water that gets recycled in the Bay Area or Southern California, the better off we are. And conservation likewise. Those are the tools that tend to be looked at, at a much more broad geographic basis.

**SENATOR KELLEY:** (tape blank) get into that arena or otherwise you're going to find yourself running the whole water system in the whole State of California.

**MR. SNOW:** The one thing effective at -- we're not in the Colorado River negotiations, I'm proud to say --

**SENATOR KELLEY:** Do you want to be? What we do down there has a direct impact on what you do with this up here.

**MR. SNOW:** But we're counting on you being through here shortly, right?

**SENATOR KELLEY:** If you want to hold your breath, I'd love to get a picture of your red face.

**SENATOR JOHANNESSEN:** I guarantee you, he will not be through here shortly.

**SENATOR DEDE ALPERT:** Senator.

**SENATOR JOHANNESSEN:** Yes.

**SENATOR ALPERT:** I have to go back. I apologize, these other people are much more knowledgeable about water than I am. I just wanted to go back to sort of a basic question; you said that on June 25th there will be -- you will release the Preferred Alternative document. And then you talked about your Integrated Storage Investigation and the group that's actually working on that issue. Does that mean you won't take any position on storage in the June 25th document?

**MR. SNOW:** No. Actually it -- the June 25th document will indicate -- not terribly dissimilar to where we were in December that we have recognized that storage needs to be part of the solution. There's really not much of a question about that -- what remains a question is, how much of the future storage should, or needs to be, new surface storage? That ends up being a big issue from a price tag standpoint. The surface storage is expensive, as we're seeing with Eastside Reservoir in Southern California right now with Metropolitan. Also it tends to be the focus of -- surface storage has a lot more negative environmental impact associated with it -- and so that is both an issue of technical investigation, but also an issue of fairly heated stakeholder disagreement. So where we are in CALFED, storage is an important part of the equation. What role surface storage should play remains to come out of this investigation that we're conducting.

**SENATOR ALPERT:** Thank you.

**SENATOR COSTA:** Senator.

**SENATOR JOHANNESSEN:** Yes. Go ahead. Please.

**SENATOR COSTA:** A follow-up question from Senator Alpert; in that investigation you will attempt to determine how much

additional surface storage needs to be developed to pursue additional conjunctive use?

**MR. SNOW:** Yes.

**SENATOR COSTA:** And whether or not it's a 2 - 1 or 3 - 1, or whatever type of ratio that needs to be developed, we'll have those kind of numbers developed from CALFED, is that correct?

**MR. SNOW:** How precise we get is not clear to me at this point, but it is our intent to address the issue that you just outlined. That to not look at each of them in isolation, surface storage over here and then groundwater over here, but to look at an entire system, how would you operate it? Actually one in your region that is getting a lot of attention is, how would you re-operate Millerton and potentially the hydro facilities above Millerton in conjunction with more groundwater storage?

**SENATOR COSTA:** Right.

**MR. SNOW:** And in that scenario there's some desire to actually re-flow the San Joaquin for environmental purposes. So we want to be able to look at an entire system and then come up with, as you put it, a ratio. How do you operate that system? How do you trade off surface storage with the ability to do more groundwater storage? And in that case, we will need to coordinate with the Corps of Engineers and DWR on the flood control issue.

**SENATOR COSTA:** Well, and those are all intertwined, not just on the San Joaquin, but the Sacramento, which I think is one of the reasons the Chairman was frustrated by the response by some of you folks in a recent meeting. But let me pursue the question in terms of the intertwining of this discussion, I noted you said that the negative

impacts associated with additional storage, while one can argue in terms of those negative impacts and whether or not they can be mitigated, we should also distinguish the heated debate from opposition that exists within the stakeholders groups from actual impacts. There were some that have other philosophical views that follow along the lines of trying to find ways to limit growth in California, and to use water as a means to do that, and that is why there is such significant opposition in some segments of the environmental community for any additional surface storage. There's another --

**SENATOR JOHANNESSEN:** Good luck trying there.

**SENATOR COSTA:** Well, but that's a real philosophical view that they have, but I think that needs to be distinguished or separated from the notion of environmental impacts that could be, or can be, mitigated, and oftentimes that distinction doesn't get made.

I'm curious, on the environmental water account that you're developing in your matrix here, one of my frustrations in dealing with stakeholder groups, with the environmental water caucus, is trying to get a listing of just how much water they think needs to be available in the environmental water account? And we can make, I think, accurate projections based upon whether or not you have eight or nine million acres in production, agriculture, in terms of how much water is necessary there. You can make some accurate projections, I think, based upon future population growth in cities, how much additional water you're going to need there? You can factor in conservation technologies both in agriculture, and urban industrial settings, to determine how far there you can stretch that supply. We're looking at

not only significant technology changes in agriculture, for example, but also in drip irrigation -- there was an article in today's paper in terms of some techniques now being employed in vineyards. But it always seems to be -- it was mentioned earlier, the 800,000 acre feet from CVPIA, and now the litigation, or potential litigation, on the B-2 argument -- I never seem to get a bottom line, when we talk about the environmental water account, as to how much water is sufficient to deal with mitigation and to correct these issues. Are you trying to, in your studies, determine what -- if it's bottomless, then I don't know that we could ever satisfy the needs -- do you have a better idea than I have been able to receive thus far as to what that means?

**MR. SNOW:** Well, I think for some it will always be bottomless because there's an element of philosophy associated with it. But I -- let me try to answer it at a couple of different levels here, one of the difficulties in coming up with a number on that is trying to figure out the precise relationship in species recovery. Let's just take salmon and Delta smelt, of how much good you can do through physical habitat restoration; spawning areas, spawning habitat and what the relationship of that is to the flow issue, because most of the approach on those species since they were listed has been on flows; creating more flows for those fish. And now since the passage of 204 and other mechanisms, we've been putting up emphasis on restoring physical habitat. So it's hard to figure out how much creating habitat lessens the pressure on the water supply. What we're trying to do with the environmental water account though is recognize you never completely know that answer, but to put some of these environmental deliberations on a budget. And, if you have a block of water would you

rather use it this spring or hold it over for a fall consideration? When you're exclusively on a regulatory approach, why not take both? Why not have a curtailment in the spring and in the fall? And so part of the approach in the environmental water account is to start getting at those reasoned decisions that I think are implicit in your question.

Now to get back explicitly to your question, the model runs that are being run to test the environmental water account, we call them a gaming exercise, where they start off with water in Kern County, groundwater bank in a small raised Shasta and in different locations, and they run through actual years of hydrology to see how they work out. What they're finding is the need for about 400,000 acre feet of water or equivalent, in terms of money for transfers to work through a dry period of varied hydrology. So that seems to be kind of a target amount where you can make the Delta work, achieve fisheries recovery and have flexibility left in the system. And so that's at least one marker that is out there right now. And the tools to do that are joint point of diversion, groundwater storage on both sides of the Delta, consideration of in-Delta storage. I think they've modeled a small increase in Shasta; literally a four-foot increase in -- is that right?

**UNIDENTIFIED SPEAKER:** Six-foot.

**MR. SNOW:** To be able to achieve that and then also provide some water quality and water supply benefits.

**SENATOR COSTA:** But explicitly, whether it's 400,000 acre feet, or it's something higher or lower, it just seems to me that you can't, without getting sign-off on at least a significant aspect of the stakeholders group -- it's the same argument that we're kind of -- or a similar argument, I guess, with the 800,000 acre feet of the reallocation

of the Central Valley Project and that is, is there more water above in addition to the 800,000 acre feet that in law says we have to reallocate? And if we stipulate 400,000 acre feet here, and maybe we have, let's say, 50% improvement, whatever that means, in fisheries, in the salmon runs, what's to prevent the certain elements of the stakeholders from saying, "Well, gee, that's wonderful, we'd like to double that?" So now we should have 800,000 acre feet in this environmental water account. Do you understand what I'm saying?

**MR. SNOW:** Yes. I do.

**SENATOR COSTA:** Without some correlation there, it seems to me that some agreement of what our goals are, from the standpoint of not only restoration of the environmental issues, but also in terms of reliability of water supply for agriculture and for our urban communities, it just becomes a shell game where we're continuing to shift over and reallocate those limited resources.

**SENATOR JOHANNESSEN:** That's a problem, it's a moving target.

**MR. SNOW:** Well, I guess there's two parts to trying to deal with that. One is, set up a process where those issues and successes actually get debated as opposed to simply declared by a regulatory agency or one of the stakeholders, that we actually have a way for all of the interested groups to be at the table as they evaluate the progress. But the second, and perhaps ultimately the more important decision or part of the structure is, that within the environmental water account the way that you get water is you go and buy it, or you build something that results in the available water supply. You don't just go take it away from someone. And so at some point you make decisions --

**SENATOR COSTA:** Do you have sign-off on that from all the stakeholders?

**MR. SNOW:** At this point, yes, as we start developing the environmental water account, but it has to be an important test. If at any point you can break ranks and then simply go take water away from somebody, there's not too much in the way of insurance that has been provided.

**SENATOR COSTA:** But that's happened in the past.

**MR. SNOW:** Yes. It has.

**SENATOR COSTA:** And that's why folks are very leery about this possibility. Let me -- a final threshold question, and I don't want to -- we could spend all afternoon here, and maybe we should -- but how would you define if this mid-core session -- and you've gotten your share of criticism, even including from me on several occasions, about a lot of the nay-sayers about this whole CALFED effort; pluses and minuses, lately more minuses, I suspect. But you've been with it since its beginning. A threshold question -- not an easy question, I don't think, to answer -- but how would you define success at the end of this process in terms of the goals of CALFED? You come out on June 25th with your Preferred Alternative; you have a twelve month period to do the EIR/EIS; if you reach agreement on that I guess, in April of 2000, we begin to implement the staging of the Preferred Alternative with maybe some modifications; we have \$300 million worth of mitigation projects that are in various stages of being implemented; but how are you going to define, in the various roles between this Administration, and the Legislature, in terms of not only providing monitoring, but where do we



come to an agreement on stated goals, and then to evaluate whether or not we're able to achieve those goals?

**MR. SNOW:** Let me give you two parts to the answer -- kind of the long-term, which is where I think we do have quite a few of the goals identified so you know whether you're making it there -- when you take the 2020 view, but having observed everything you just talked about over the last few months and few years, I think trying to visualize success in 2002 is probably more relevant because if you don't survive 2002, what you think of 2020 doesn't matter. And I guess the issue there is, that what success is going to be in the near term is the stakeholders kind of grinding out real projects and not just talking about it, so that in 2002, in the first full year of the program, you're actually seeing projects move forward. There actually is, instead of talking about South Delta improvements as we have for 10 years, there's actually construction underway of operable fish screens. And instead of arguing about conjunctive management in Butte County, somebody has funded Butte County to do a groundwater model so that they can get a handle on those issues. I'll relay a conversation I had with Congressman Richard Pombo on this point, and that is, that we have in the early days of CALFED, and for a long time in water in California, we keep thinking of the Hail Mary (to use a football metaphor) that we're going to throw a 99-yard touchdown pass and everybody goes home after we've won the game. And now there's an increasing recognition that it's a ground game and every play is 3 1/2 yards up the middle. And to me, that's where we've got to start adjusting what we think success is, is being able to do these projects that we've only talked about in the past 10 or 15 years and actually

getting them into construction. And the danger is, and I think it's why you asked the question --

**SENATOR JOHANNESSEN:** You did say construction didn't you? I just want to listen to it.

**MR. SNOW:** Yes, I did. But the construction means --

**SENATOR COSTA:** You started off with construction in the South Delta, which talked about fish screens and barriers, which we're proposing to fund in the bond measure.

**SENATOR JOHANNESSEN:** Correct.

**MR. SNOW:** That's what makes the bond measure so important. And the connection is, it's only after you get those barriers and the fish screens that you start going to 10,300 CFS of pumping capability which you can't do now. You can only do 6.8. And so it's adding those kinds of capacities and literally grinding out project by project.

**SENATOR JOHANNESSEN:** Let me do this because we have Larry Combs, who is the Administrative Officer from Sutter County. So could we bring you back up again because I'd like to get that panel up here first because they are going to leave, specifically him, if you could.

Larry Combs is the Administrative Officer from the County of Sutter. Vickie Newlin, Water Division, County of Butte, and John Mills, Consultant for Regional Council of Rural Counties. And I think that the one we need to talk to first, in fact all of you can come up if you would like, but we need to talk to Larry because he's going to have to leave.

**MR. LARRY COMBS:** Senator and members, I appreciate the ability to testify before your committee today. And I am testifying to

raise concerns that we, in Sutter County, have with the direction that we perceived that CALFED was taking. And I hope your hearing today will explore some of that, because we consider, and I would say that this is partly because of some comments that were made last week at a meeting by Mr. Daniels, that Sutter County's economic future and, more importantly, the lives and property of some of our citizens maybe in jeopardy because of what CALFED's doing.

**SENATOR JOHANNESSEN:** Excuse me a second, where did Lester go?

**UNIDENTIFIED SPEAKER:** Down the hallway.

**SENATOR JOHANNESSEN:** Well I think he ought to listen to this. It may not be a bad idea that he was listening to this because he may just understand why some of the problems have developed. If the guy's not interested that's one thing, but if you are, you should really listen to this. Go ahead please.

**MR. COMBS:** Thank you, Sir. Last week at a town hall meeting in Yuba City, Mr. Daniels stated that flood control outside the Delta was not CALFED's concern. This was in direct response to a question regarding SB 496, which the Senate considered, and which we were very, very strongly concerned about. Still are. I would like to say thank you to Senator Costa for listening to us on that issue because it is a direct flood threat to Sutter County. I understand there are other issues having to do with protecting wild and scenic status on the Yuba River, but our concern there is flood protection.

Mr. Daniel's statement was directly contrary to our previous understanding regarding CALFED. Although he is certainly technically correct that the CALFED documents state that their flood

protection issues are in the Delta, they also have always explained that due to one of the six solution principles, which is that there will be no significant re-directed impacts, the flood risks as a result of any actions they were taking would be mitigated. If we are not to receive this flood protection, then Sutter County faces both real flood threat, and as yet, undetermined economic damage from the CALFED Program.

Now I note, Mr. Snow represented that there will be mitigation of significant impacts. I would note for you, that even though agriculture represents \$268 million worth of production in this state, in Sutter County, that might deem to be insignificant in the State of California. We, however, would consider it to be very significant if you remove even one of our businesses, and agriculture is a business; each farm is a business.

I have provided both my testimony and the attachments. I would note for you this map that I have attached that shows that Sutter County is essentially surrounded by rivers. We have the Feather River on the east; we have the Sacramento River on the west; and we have the Sutter Bypass, which is approximately a mile wide, running down through the middle.

The CALFED Program, which will increase the water supply and habitat and flood control channels without mitigating flood protection, will create the following situations: the higher and later flows in the rivers and Sutter Bypass would create increased seepage, damaging crops in the levees and, affecting the county's primary business, which is agriculture. And I would venture to say that if CALFED were proposing to eliminate businesses and jobs in your communities, you would also be concerned with that. The levees would be wet longer

which would give them less time if they need to dry out. This does present a direct flood threat to us, although it's very hard to define.

Habitat on levees represents a significant flood threat. I have provided a series of pictures that you can look through at your leisure. Essentially it hides erosion damage and also provides a place for rodents to hide and burrow.

The pictures I have provided for you are of a beaver den that was in the levee on the Feather River. And if you refer back to the map, it's near the little red dot where Arboga is. You'll see a bunch of circles, that's where all the seepage was. And there's a picture -- one of the pictures shows a series of boils. That levee almost failed in 1997, partially because of that beaver dam. If that levee had failed you would have seen, I don't know how much loss of life and you would have seen probably a billion dollars worth of property damage.

Habitat in the channels slows down the movement of water. This raises the water level, putting additional stress on the levees and adding to the flood threat. If there is an actual obstruction, such as in the Sutter Wildlife Refuge, in the Sutter Bypass, it will cause turbulence. This turbulence can eat away at the levees under the water surface or cause a hydraulic jump. An excellent example of this, and the possible result (although I suspect we'll never know for sure) is the picture I've provided of the 1997 levee break in the Meridian area. (I'm sure you all saw that on TV when we built the levee around the little town of Meridian to save it). You will note the Sutter Refuge, wildlife refuge, sticking out of the water in the Bypass. Prior to the break, we have documented the water was 1 - 1 1/2 feet higher north of

the refuge than it was south. And, based on an eyewitness, we believe a hydraulic jump was present. That causes problems for us.

The bottom line, from our point of view, is that habitat and flood protection are nearly incompatible and that any attempt to mix the two presents a significant flood threat to the people and property in the area. If such is proposed in the Sutter County area by either CALFED, or any other agency, the Board of Supervisors will insist and pursue to the extent in powers vested in them on flood protection mitigation.

Setback levees remove valuable agricultural land from production. We've talked about the crop value, we're talking businesses here, and there's no -- there have been a lot of comment in recent years about the loss of farmland to development. There is no less impact to farmland if it's lost to seepage, wetlands or setback levees, than there is if you build houses and high rises on it. That's a loss of farmland.

To sum up the situation, Sutter County is very concerned about both flood risks and economic damage due to the loss of businesses in our county as a result of the CALFED Program. We've been monitoring the situation closely and will continue to do so.

Again, I appreciate the opportunity to testify and will be happy to answer any questions anyone has. And I do apologize, but I have a very important meeting back in Yuba City at 4:00 I must be at. So I thank you for the courtesy of having me testify early.

**SENATOR JOHANNESSEN:** Quite all right. Any questions? Mr. Combs, I appreciate you being here. I was on those levees so I guess it makes a little difference when you've been there, done that, I guess, than if you just think of it in the abstract. And I too am very, very surprised to learn that there was no interest whatsoever in flood

protection for anything north of the Delta. And obviously, there has to be. There has to be. You can't go out and eco restoration and flooding and all the rest of the stuff; wildlife, refugees or whatever, without giving consideration to the flooding issue. And I know there are some legislators who believe that we should just let everything meander, but I don't think in -- it no longer is possible -- it's no longer possible, whether or not it was the right thing to do in the earlier days to channelize or not, that's a totally different question. But what we are now dealing with is quite a bit of a potential for a problem. The other thing is, there was a statement that was made in one of the committee meetings that Sacramento was not in any danger of flooding, which of course is absolutely false because we're just about as close as you can get. In '97, I believe, and in fact, as one dam operator said, "We're one or two hours away from flooding in Sacramento." So, obviously, flood protection has to be a part of all this. But anyway, glad you're here and hope that we can get some progress in that area.

**MR. COMBS:** Thank you, Sir.

**SENATOR JOHANNESSEN:** And with that, have a safe trip home.

**MR. COMBS:** If there is no other need for me, I will leave. Thank you.

**SENATOR JOHANNESSEN:** Thanks a lot. I appreciate it.

**MR. COMBS:** Thanks for your time.

**SENATOR JOHANNESSEN:** Would you like to go next?

**MS. VICKIE NEWLIN:** Sure. My name is Vickie Newlin and I'm an Administrative Analyst for the Butte County Water and Resource Conservation Department. And in Butte County we have

benefited from some successful restoration projects funded through CALFED. However, we are very concerned with the funding process itself. We feel it empowers watershed groups through the allocation of large sums of money for ecosystem projects and studies without consideration of local government's land use authority.

In our county there have been \$25 million allocated for projects and studies. None of these were brought before the Board of Supervisors for their approval. Some of these projects, such as the Butte Creek Siphon, which allowed the removal of dams on Butte Creek and enhanced fish passage, are valuable and necessary. Others may not be as vital, and as we have experienced, may not be as well done.

The CALFED Bay-Delta Program must consider local government's land use authority when allocating funds for ecosystem restoration. It is important to allow the Board of Supervisors to help make the program successful by incorporating them into the process.

It is inappropriate for citizen groups to be creating documents such as existing conditions reports and watershed management strategies that may become the basis for future land use decisions without input from the Board of Supervisors. There is no requirement for consideration for the county's general plan in the development of these documents, nor any requirement to coordinate with local government at all.

The way that the funding is currently dispersed, there is no accountability to the public at large before the money is allocated. In addition, there is no qualitative oversight or evaluation of these reports as they are being developed. Land use decisions are the charge of local



government, not a small group of citizens who may, or may not, be around in 10 years.

For the Bay-Delta Program to be successful it is vital that it becomes more responsive and accountable to local government and thereby, the general public. The allocation of money for ecosystem restoration is not the problem, the distribution of funds absent any accountability is the problem.

Local government must become a player in this program, and therefore, must be given adequate funding to participate in a meaningful manner. Absent this funding, the CALFED Program creates a redirected impact to local government which is contrary to one of their major principles.

Local governments are already burdened with non-funded mandates that take money away from local services. We need funding for the necessary staff resources to participate in CALFED.

In our county I am basically a one person department, and over one quarter of my time last year was spent tracking ecosystem projects and studies financed through CALFED funding. In addition to this time, the Board and department heads from other departments and their staff have dedicated numerous hours to CALFED issues.

In Butte County, we have been wrestling with the issue of local involvement in the CALFED Bay-Delta for some time. In the last round of ecosystem restoration funding, a consultant from the Bay Area was awarded money for a study to remove Centerville Dam on Butte Creek without any coordination with local government. Funding was allocated without even consulting the owners of the property involved or any of the neighbors that might have been impacted.

With the help of Northern California Water Association, the county was successful in stopping this project. This experience was the catalyst for Butte County to formerly begin addressing the lack of local involvement in the process itself.

A meeting of Butte County stakeholders was held on January 14th, to discuss possible changes to the funding process currently used by CALFED in the disbursement of monies for their Ecosystem Restoration Program. Representatives of the Board of Supervisors, the Water Commission, the Sierra Pacific Industries, PG&E, M & T Ranch, Gorrill Ranch, Forks of the Buttes, which is a small land owner group in that area of the creek, and the Butte Creek Watershed Conservancy attended this meeting. This group advocated incorporating the following requirements into their ecosystem restoration funding process: proof of a properly noticed public hearing requiring a published legal notice, resolution of support from the Board of Supervisors or other elected or appointed officials, such as a water district or other geographical leaders, disclosure of matching funding criteria, peer review of project documentation and also a requirement of proper reporting of the project throughout the life of the project, some type of funding to local government for oversight of projects, a letter of support from the owner of the impacted land or facility to avoid or mitigate any redirected impacts, and a competitive bidding process for consultants after the funding has been allocated to limit direct benefits to grant writers and insure the credibility of the consultants.

We want to see these requirements incorporated into a checklist that is distributed with the funding opportunity. We suggest that the documentation could either accompany the grant proposal itself, or

there could be an additional 60 days allocated to complete the package after the submittal deadline. Our thought was that it was imperative that local government is allowed to comment on potential projects before any allocation of funding takes place.

CALFED did incorporate some of these concerns into the funding solicitation package for the current round of funding. There is now a requirement for proof of the notification of the Board of Supervisors and the Planning Department in the county where the project will occur. However, this gesture merely informs the boards that there is a project. Applicants are not required to disclose what type of project or any additional information. It is imperative that the process be changed to include local government. Local government not only needs to be informed, but allowed to comment, and thereby actively participate in the process.

The following is a summary of the proposals submitted to CALFED in the current round of funding that are located within Butte County: there are 25 non-county proposals. The total cumulative budgets range between \$23 and \$25 million, that we're aware of, because the notification letters do not include this information. The county received four full proposals and five executive summaries from applicants at the deadline for submittal. All the rest were merely notification letters with little specific information about the project or the study. The county received several who did not inform both the Board, and the Department of Development Services. We are not sure if this disqualifies them from being funded. The county received one notification letter that was received by the Board 12 days after the submittal deadline.

We will not have access to any additional information on these proposals until June 14th, when the confidentiality period ends. The policy recommendation for funding by the Ecosystem Roundtable will take place on the 16th of June. Two days is an inadequate amount of time for any Board of Supervisors to respond.

Some of the issues that we see need to be addressed are: the long-term maintenance restoration projects. Who takes over when these volunteer groups stop receiving money and disband? Accountability to the general public; if you're asked your question to only one segment of the population with a defined agenda, you will get a narrow viewpoint which may, or may not, satisfy the majority. Qualitative evaluation of ecosystem studies. This is necessary to insure that there are truly -- that they are truly scientific in nature, not merely written to secure additional funding. Funding for local government to participate in a meaningful manner. They are the true representatives of the general public and they are informed on the issues and they are responsive to their constituency. Our representative form of government insures this.

We understand that the CALFED Bay-Delta Program has undertaken a formidable task and we applaud Lester Snow for his work thus far. It is our intent to be constructive and offer solutions to some of the problems the program faces. We think that the increased involvement of local government in the Ecosystem Restoration Program would be a step in the right direction.

Thank you for allowing this testimony.

**SENATOR JOHANNESSEN:** Thank you. One of the problems we have is that -- that's why we have some staffers -- is that meetings

are going on. Committee meetings all around the building. And when you deal with something like this -- I apologize, but I keep popping in and out, running between committees, presenting bills or whatever. In fact, I had to cancel some of my bill presentations today for this reason. So understand that this is what's happening. It's not that I don't care, but I really do. But we record everything anyway so we have it.

So I thank you very much. Appreciate it. And by the way, how many projects do you have so far in this new round? How many projects have you been notified of?

**MS. NEWLIN:** We were notified of 25 that were non-county, that the county itself didn't -- the county has submitted proposal to become involved in the process. We've asked for funding for a coordinator position to try and bring all of these issues together so that when you have a project that involves for instance, the Public Works Department, that they be informed in what's going on. And we also want to have workshops where we invited the agency folks to come to the Board of Supervisors and make a presentation on what their visions are for the project so that the county can get a better view of what the total picture is. And then we are going to hold another workshop that would allow each of these watershed groups to come before the Board of Supervisors and present their visions because it's difficult for the Board to respond when it's in a patchwork type of approach. We don't know how one project is going to impact another one, and so it would make it easier if they were brought on board and saw the total vision.

**SENATOR JOHANNESSEN:** If you had a proper EIR maybe they would have. And I'm assuming we can ask Lester Snow about

that when he comes up what -- give him fair warning that what progress is being made on notification to the various local entities and if any consideration is being given to additional funding, perhaps out of these grants that, 1) will take care of potentially, like you said -- have someone looking after from the county's point of view. And the other one is that, who is going to maintain the property that is being purchased through the CALFED process? And so maybe we can get that answered when Mr. Snow gets up here.

**MS. NEWLIN:** Well, we understand that are some legal constraints and we hope that maybe in the next round of funding that there will be a way to get around those, or a way to incorporate our concerns. And the staff has tried to work with us.

**SENATOR JOHANNESSEN:** I can guarantee you that there is no legal restraint that can't be overcome if they want to do it, okay? If not from local, I can do it from the federal side of it. There are so many things you can do with this thing. And it's already -- already we are branching out and doing all kinds of things anyway. There's nothing unusual, but we can always ask Mr. Snow about that, as well.

With that, I appreciate very much your taking the time to be here.

And you, Sir. You have been patiently waiting.

**MR. JOHN MILLS:** Senator and members of the committee, thank you for having me here today. My name is John Mills. I represent the Regional Council of Rural Counties in the CALFED Bay-Delta Program.

The Regional Council of Rural Counties or, RCRC, as we call ourselves, is 27 counties on the San Joaquin and the Sacramento

tributary system. And just like Lester and his CALFED Program, we don't have any involvement in the Colorado River, yet. We may before we're done with this, but no members in the State of Colorado are a part of that.

**SENATOR JOHANNESSEN:** Do you have anything to do with the Trinity River? Just checking.

**MR. MILLS:** You bet we do. That's one of our concerns.

**SENATOR JOHANNESSEN:** Good. Now we're getting somewhere.

**MR. MILLS:** I want to start off -- I understand the subject is CEQA today, but I'm going to kind of bounce all over the room here on some other issues related to CALFED. And because the CALFED CEQA document is going to discuss all of these things in inadequate detail, I'll play a little free-and-lose with the subject matter. But my first one is a point that was brought up earlier, we have some serious concerns about the governor's budget in making sure that money gets in there for storage investigations for two reasons: one, we think it's critical to do the analysis for additional surface storage. We are believers that given the population growth this state is going to have in the future, that even if we do everything we can for water transfers in a water marketplace and water conservation, we will still need new storage somewhere, and we think that that investigation has to go forward. We also believe though, that the 2.5 million acre feet of storage in the existing PG&E facilities located upstream on these tributaries on the San Joaquin and Sacramento tribs have to be analyzed for re-operation. That's a critical component, not only for CALFED, but also for water supply for these areas of origin. We are

concerned that this tool maybe taken out of the hands of CALFED right at the time that they need it the most. PG&E is planning to divest of all those hydro facilities; some 68 projects with 2.3 million acre feet of storage. They are proposing now to move those all to a corporation called PG&E Gen(?), which would not be regulated by the California Public Utilities Commission. And if that transfer goes through, there would literally be no opportunity for a change in ownership for the different focus of management emphasis of those facilities. They would remain predominantly hydro-electric generation facilities. They would move away from a commitment that would go with change in ownership towards water supply or water for the environment that would essentially remove from most of our areas, in the upstream areas, where off-stream is not an option. It is very difficult to off-stream storage in the Sierra Nevada's. The water runs off the top of the hills so we have to do it down in the canyon. That becomes on-stream and that's forbidden these days in California. So our only option is the existing reservoirs. If those are taken off the table, if those are allowed to move over to PG&E Gen(?) with no scrutiny by the Legislature or CALFED, there will be no water supply opportunities in CALFED or anywhere else for most of the source areas. Those will have grave implications in Northern California's rural areas for its water supplies. It will make this potentially a zero sum game, and in a zero sum game, I can tell you straight up, that my clients would want to re-evaluate CALFED in that context and re-evaluate new storage, whether it be sites, or whether it be conjunctive use. Because in a zero sum game, if anyone else gets something, it's taken away from someone else. So the implications here about PG&E's divestiture, which are



being framed in the Legislature as we speak, as an issue that will benefit California's electrical rate payers, may do that. People may see a \$10 break on their electric bill every month in Northern California. They will not see a new water supply and they will not see the viable vibrant water transfer market that people think they will have. We will see a different sort of reaction from Northern California's source areas.

With that cautionary, I want to point out that CALFED's Program has its faults, and it has been criticized by us from time to time, but it is improving. We do want to caution that in a collaborative process you have a strange situation where the stakeholders, like us, go out and lobby Congress and the Legislature for more money for the agencies and then we get involved in an influence issue with the agencies; and we found out that all the money we go went to the agencies and not to the stakeholders. So every month it's one of those situations where the agencies become stronger and we get a little more tired. So these collaborative processes sometimes begin to resemble to those of us on the march, Napoleon's invasion of Russia; we're wondering how far are we in the country and are we ever going home? So we would urge that the stakeholders be given support from the Legislature for our influence in this process and that we not simply be put in the situation of having to fight the agencies for influence.

I would point out that the Ecosystem Roundtable is one of those places where it's beginning to work. That the roundtable has had divergent interest coming together on specific issues and not be shy about telling CALFED's policy team or CALFED's agencies that we don't believe this is the way to go, and we think there's a different way

to tackle something. The Englebright Dam issue is one of them. The Conjunctive Use Program in Madera Ranch was another, and I think that is indicative of a stakeholder process that's working. And we'll get better as it goes along. Wendy Halverson is here and she's the staff coordinator for it, and it's been an improvement.

From time to time those of us on the Ecosystem Roundtable talk about throwing up our hands and burning our play books and going home, but we always come back, and we'll be back in June to look at those proposals.

That does bring up an issue which is -- the notification and there has been a problem with folks who get money from CALFED who assume because they're getting either state or federal funding that they're exempt from local land use planning and zoning laws. There is a long history of case law in California that counties are the land management agency with statutory responsibility and police powers for zoning land use regulation and general plan responsibilities. And even though someone is doing, for example, a watershed plan, that does not waive them from the responsibility to comply with local zoning laws and planning laws and more fundamentally, to get permission to go on private property. And so we have taken this up at the roundtable and had some recommendations that went into staff about notification, not only to counties, but to land owners, adjoining land owners and those who will have to have access on their lands. Because one thing that is certain in some of these restoration actions is, something that takes place in one place can affect something else downstream somewhere else.

We think the notification needs to be beefed up and we've actually taken that up in the water bond. And if you read the non-point source pollution section of the Water bond and the watershed section of the Water bond, you'll find some very strict requirements in there about notification of landowners and local government. And we think that's a good model for CALFED to look at in improving their notification process.

The Trinity is one of our counties. It's one of those that is in and out of CALFED, and that's driven us to madness at times. The Trinity is a river that isn't connected to the Delta, the same as the Colorado isn't, but then it is because there is a pipeline that brings a lot of that water over to the Sacramento. The Trinity River flow decision is going to take about 225,000 acre feet of that water back and put it into the Trinity. But that should not be an outlier(?). The impacts of that decision should be assessed in CALFED. And we think that the water quality actions of CALFED should include the Trinity. Now, right now, they don't. And curiously the rationale is, is that the Imperial Irrigation District and the Colorado water can affect the water quality in the L.A. Basin, in the blending, so that area is part of the water quality section of CALFED, but the Trinity isn't. And we think there's a mismatch there.

**SENATOR JOHANNESSEN:** I think we're talking about somewhere of a million acre feet of water a year taken out of the Trinity, which causes some serious problem environmentally. And especially now, I think the -- some tribes down in Klamath and so are getting a little bit upset about this, and I don't see how you could not include the Trinity River, or Trinity Lake, into the mix of CALFED

when there's a million acre feet of water being contributed into the Sacramento River. And the difficulty of course also is that you have a, I believe it's Carter Powerhouse up there which has the pen stocks(?) coming down on Trinity, and also you have the Cedar Redding has a generating facility out of the Whiskey Town Dam itself, and they're restoring the lower area between Whiskey Town Dam and the Sacramento River; that's being part of the restoration being made now for the fish habitats and so forth; Saeltzer Dam being taken out and a few other things down in that area. Has anyone told you how can you take a million acre feet out of there and then say it doesn't exist? Or what you do with it doesn't exist? And if you take another quarter acre feet for the restoration purposes on the river itself, what happens to -- who's going to make up that quarter million acre -- the 250,000 acre feet, who's going to make that up? Maybe we should ask Lester Snow on that. I don't know.

**MR. MILLS:** Well, I wouldn't look to any of our counties to make it up. Most of our counties don't have a quarter million acre feet of water yet.

**SENATOR JOHANNESSEN:** That's the point that I'm trying to make and I'm just -- I just want to give a heads up. I want to ask him about that, so when he comes back again maybe he can give us some information as to how this thing works and how something is left in or something is taken out. I don't know.

**MR. MILLS:** Well, the way we do it in ag/

urban is we find out who's not in the room and whoever is not there is the one that has to make it up.

**SENATOR JOHANNESSEN:** Good point. Good point.

**MR. MILLS:** That's why we've reached consensus early on some of these issues.

I do want to say that one of the things that has been really a relief to see is the Water Quality Program for CALFED. That is an outstanding document. Given where we were a year ago on the water quality issues in CALFED, that is a dramatic improvement. Now, understand, our perception on this -- you may think that I'm confused here about why I'm saying this, but we think that CALFED needs to emphatically move towards new source supply and source water protections for all of the solution area. And CALFED needs to evaluate all (with emphasis and bold on all) options to improve water quality for Californians -- people. That's urban and rural. And I know the code word here is, isolated facility peripheral canal, whatever you want to call it. But if that's the solution, we need to look at it and analyze it and not examine it.

Where we don't want to be is, three or four years down the road and having a new safe drinking water act rule, or public health study, come out that puts us in an emergency situation of having to respond to that. We would like to see that addressed in CALFED in a straight up, forthright manner and we think that Delta conveyance options need to be looked at now in great detail. We want to see that analyzed. We also want to see eastside, San Joaquin analyzed now, and that's part of the Integrated Storage Investigation.

So we want to commend CALFED for the work they have done in the water quality improvement. The drinking water side of it, specifically, and we agree with the findings. But we're disappointed that we're not seeing that analysis now of the conveyance options and the storage potential for improving things in water quality. And there is a storage component there that improves the water quality in the Delta.

In terms of CALFED's overall pluses and minuses, and I say that now as an inside and outside participant, but I sit on the Ecosystem Roundtable. We are concerned about the EIR coming out on June 25th, without the Integrated Storage Investigation completed. And I kid Lester about that, pointing out that there must be some reason that he decided to release it on the 123rd anniversary of the Battle at Little Big Horn, but then I note that Lester has already been scalped. So it's not a Custer syndrome.

We do also have some concerns about the CALFED's solution area in what's in and what's out. As I said, I already pointed out to the Trinity, it's in, in some areas. It was in Prop. 204 for the Watershed Programs. It's out in the water quality section. But the Colorado and the Imperial stuff is in. We just need some anomalies there that need to be fixed.

I've already touched on the local government notification. We think there needs to be more of an involvement. The landowners here, they need to be involved in this through their local government, not necessarily through CALFED. And there are ways to coordinate that. If CALFED would design in their PSP process more requirements for notification, I think we'd be all right. And we would treat CALFED as

we did any other developer in our counties, which is welcome them with open arms if it means jobs. If it doesn't, then they go on the slow track.

I do think that CALFED is improving. I think we need to keep it moving. It's the -- it maybe a horse that causes us problems and bucks us off and drags us through the sagebrush from time to time, but right now it's the best horse in the stable, and I think we'd be reluctant to shoot it just to make a rug to hang on the wall.

**SENATOR JOHANNESSEN:** Good points. Good points. Talking real California. That's the kind of language we use. I understand that. Doug, you had a question that you wanted to ask John.

**MR. HAALAND:** Staff question, John. You mentioned giving the Director a hard time about releasing the EIS/EIR in draft form on the 25th without ISI information, from your perspective is it possible to do an adequate evaluation or get adequate public input on a CEQA document that is incomplete?

**MR. MILLS:** Well, that was my concern, is that Lester opened this by saying that earlier today that we would -- if we have to move to a new conveyance facility we will have to do a whole new analysis. And our concern is, is that not be put off. If possible, let's do that now. And maybe we have to send this draft out, and maybe we have to circulate another draft before we do the final. But if we wait, down the line -- we have been working a lot with the urban folks in California on this issue -- and our concern is that there may not be time to do it in a balanced way in the future to really look at all the implications and all the options, and we'd like to see this done perhaps in a re-circulation of another draft if we can't do it this year.

**MR. HAALAND:** On a program tiering level, isn't that the place to do that analysis?

**MR. MILLS:** I think so. I think you at least need to frame the bookends on this and, for example, we don't have the eastside San Joaquin studies done yet; we don't have the re-op studies done yet; we don't know what the implications are on Almanor, Oroville and the Butte Basin. And without that, those are big pieces of a solution here. But I am not saying, stop the thing right now. I'm suggesting maybe we need to come back with another focused review on the draft as we get that information. But it does give us concern not to have that information in there.

**SENATOR JOHANNESSEN:** All right. Well, thank you very much, John.

**MR. MILLS:** Thank you very much for having me.

**SENATOR JOHANNESSEN:** You're always kind enough to come when we need you.

Mr. Snow, are you here?

Now, it's just interesting to note that John was talking about -- I think that most people that I know that are interested in this subject and tried to get informed on this subject, there are people, not a drop goes out, there's people -- the Peripheral Canal, you shot over that, or no surface storage at all whatsoever. Like one individual said, "I want California to look like it was 100 years ago." So obviously, none of those things are -- and from my own perspective, because I think we discussed it before, I don't think we can do what we need to do without surface storage. But beyond that, all options have to be on the table and everything has to be there so we can really study it, not only from



the perspective of Northern California, or Central California, Southern California, but all of it. It has to be done. So I guess, from an old engineer that went out with the slide rule, I still don't have to take my shoes off to count. There is just so much water available and somewhere along the line we either harness it or we do something with it.

So with that, let me ask you some questions. I thought I saw Metropolitan Water here a little while ago.

**UNIDENTIFIED SPEAKER:** They're back.

**SENATOR JOHANNESSEN:** A young fellow. He must have left again. I was curious because I was concerned. You indicated that they had said that they had substantial groundwater available, has there been a study made on that? I'm always concerned that they may say that to try to make sure that the environmentalists don't get into hyperspace or something, that kind of a thing --that's Star Wars talk, by the way -- so I want to make sure that they don't do that. I'm curious, has any study been made at all to what is available, and are they intending to utilize it?

**MR. SNOW:** Yes. Let me be specific about the kind of source of information or how we're approaching it. One of the things that we have done in our groundwater program is formed an advisory committee. Because of the sensitivity of groundwater management, the local resource had concern that when people from Sacramento start talking about groundwater, they're talking about taking your groundwater, that type of thing. So we have an advisory committee that has been working with us to frame our whole approach to conjunctive management and groundwater banking. Part of their

exercise, I'd say roughly three months ago, was to send out a solicitation -- an unfunded solicitation -- basically to send letters out, I believe, to 3,000 potential parties that would be interested in groundwater storage projects, and simply asked them of their interests and if they had projects that if we ever got money made available, similar to the ecosystem money, that they might be interested. And I think to date, we've received somewhere between 40 and 50 responses from all across the state; from Sac Valley, San Joaquin, Bay Area and Southern California, identifying projects that they feel could benefit local interests, as well as some of the statewide issues identified in CALFED. And in that regard, in Southern California, I don't recall that we got any proposals from Metropolitan Water District, but we got proposals from entities within Metropolitan; sub-entities.

**SENATOR JOHANNESSEN:** Well, I take Metropolitan Water, sort of the 27 agencies, I sort of put them all together. Metropolitan is the largest delivery, so I just use that.

**MR. SNOW:** So there are agencies in that area that feel that they have additional groundwater capacity, that in the right scenario they could use that groundwater capacity to store wet weather water to provide again, local benefits, as well as broader benefits to the system. And we got proposals like that from basically across the state. People that are interested in some cases, simply building a better groundwater model so they understand what's happening in our groundwater basins, and in other places, people feel like they're ready to do demonstration projects or expanding existing recharge projects.

**SENATOR JOHANNESSEN:** I'll give you an example of how tricky this is. I've been told that between -- lying between Shasta Dam

and the hills of Cottonwood and Red Bluff area that you have an underground capacity of around five million acre feet. Who knows? How long does it take to test it? So the question then becomes, even if assuming that you got to the point, what is the recharge capabilities? What is the transfer capability? These are some of the things that are going to take a long, long time to try and do. So I was curious, when you mentioned the groundwater, because it seemed to me that if you were to really investigate that, that will take substantial number of years to check it because of the weather patterns and so forth. And of course, the critical thing is going to be the recharge capabilities. And obviously, the more you flood the ground, the more recharge that you will have. The more you use drip irrigation instead of flood irrigation for trap(?), the less recharge you have with drip irrigation. So I was just curious because this -- I keep hearing about use of groundwater -- conjunctive use, use of groundwater, recharge and how do you do that? Did you -- Do you pump surface water? Do you pollute, even the ground aquifers? What do you do? This is a whole different scenario that you will possibly have with surface storage of some kind. But anyway, I was just curious about that one.

But I am concerned, very concerned, with the area -- for example we've been dealing with the through-Delta conveyance -- additional fresh water through Delta, which is obvious for reasons of water quality pumping out and so forth. But coming from this side, I'm just wondering if it serves the purpose because you still trap everything down in a back bay which is one of the problems we have now; it doesn't have the flushing action that they need in the San Joaquin and so forth. But I was told by someone that had the education and is a

biologist, who says that you can't put substantially more water -- fresh water through the Delta because that will endanger the smelt because the salinity in the water for the smelt is very critical. Has any -- I don't know, I'm just hearing this -- so in other words, you cannot put more of that fresh water down through the Delta of any significance because you're now endangering the smelt again, are we up against another block? The point that I'm -- the reason that I'm saying that -- everything points to this elusive, isolated facility or something. Do you understand me? And am I off-base on this one? Is that something that has been discussed?

**MR. SNOW:** Let me respond in two regards, one about our through-Delta strategy and the second about Delta smelt. We evaluated all those options of what you could do with an isolated facility, and the isolated facility had two major attributes; one, it was easier to deal with Delta smelt with an isolated facility. There really was no question about that, or no disagreement about that. Second was, there was very little question that for those people who get their drinking water out of the South Delta, (Southern California and basically the south peninsula of the Bay Area), there's no question that they get higher drinking water quality out of Sacramento diversion. Also there were consequences of an isolated facility. The two most notable, I think we've discussed at some of your previous meetings, was a deterioration of in-Delta water quality certain times of the year. And the second, was the issue of assurances, to be able to assure the proper operation of such a facility. Now, it's the same issue that was around in 1982.

In responding to those issues, and also looking at issues of construction time, even if you wanted to build something of that size, we elected to devise a strategy around through-Delta, that that's what we're going to make work. And so what that means is you have to develop a different strategy for Delta smelt and a different strategy for drinking water quality. And John Mills made reference to our strategy on drinking water quality. We think we have worked out a reasonable way to proceed so that we are assuring the urban public that we will make the -- term that we use is, "continuous improvement" in water quality through source control, operation of the system, consideration of storage, and using storage to improve water quality, regional strategies to trade water, to provide higher drinking water quality. And then when it comes to Delta smelt strategy, it's what we call the South Delta Improvement Program, where you use a combination of barriers, habitat construction and flexible pumping patterns to be able to achieve Delta smelt recovery without the need of an isolated facility. And that's basically the path that we were embarked on.

In even our December draft, and then it will be reiterated perhaps in a little more detail in our next document, in the issue of public health, we have identified a process and a mechanism where you can determine that it's not working for public health purposes. We talk about forming a national expert panel to review the progress, to provide reports on public health protection to CALFED and to the Legislature. The first report we estimate in 2003, and a second report in 2007, and if at the conclusion of that in 2007, you determine that it's just not working and you have to reconsider the isolated facility, that's when

you would, in fact, file to do a supplemental to modify our documents and bring it back onto the table.

**SENATOR JOHANNESSEN:** But wouldn't that be a little bit late

**MR. SNOW:** Not necessarily.

**SENATOR JOHANNESSEN:** In view of the amount of time it would take to do the environmental studies, the time it will take to even perhaps start the process of building additional storage facilities and so forth, wouldn't it be better to do it now and have that already done as John suggested? Wouldn't it be better to lay the cards on the table and say, "Look, these are some of the options. We can't let go of these options because of time. So we will do this, and this, and this as we go down the line?" Wouldn't this be more of a up front way of doing it? In as much as you are already purchasing land --

**MR. SNOW:** No. That's not the case. We're not purchasing land for right of way of the isolated facility. And, I guess you could say, we've already made the determination that what you're proposing is not the better way to do it, and trying to make through-Delta is the superior way to proceed with the program.

**SENATOR JOHANNESSEN:** Well, you already made that decision. That was already made.

**MR. SNOW:** We've already made that recommendation to CALFED, yes.

**SENATOR JOHANNESSEN:** I understand. Just out of curiosity, there was 130 acres that was bought in Sacramento County, specifically at Hood, isn't this the approximate location on the end of the isolated facility that was bought?

**MR. SNOW:** That's what it's always been looked at for.

**SENATOR JOHANNESSEN:** It was bought.

**MR. SNOW:** Isolated facility has been Hood.

**SENATOR JOHANNESSEN:** Yes. But that 130 acres was bought for that purpose.

**MR. SNOW:** I'm not sure what you're referring to. What I think within the last 12 months the Department of Water Resources has been in negotiations regarding acquisition of property in the Hood area. But I guess I would --

**SENATOR JOHANNESSEN:** For what reason?

**MR. SNOW:** Well, you'd have to ask the Department of Resources for that. But let me go on --

**SENATOR JOHANNESSEN:** We had someone from the State actually testifying that the fact that it was done that way for the purpose. I didn't know if you knew about it or not --

**MR. SNOW:** But let me go on and explain the issue of a Hood diversion separate from an isolated facility.

**SENATOR JOHANNESSEN:** You're talking about that shorter, I guess the one you had.

**MR. SNOW:** Right.

**SENATOR JOHANNESSEN:** Yes. Okay.

**MR. SNOW:** One of the problems in the Delta when you operate some of the facilities for fisheries purposes, the cross-channel is you end up lowering water quality in the Delta -- in Central Delta, as well as at the export facilities. So a potential mitigation measure for that that is not very favorable from a fisheries perspective, but mitigation for water quality, is the construction of a 2 - 4,000 CFS diversion at Hood to move

that water into the Mokelumne System, thereby sweetening up, or improving the water quality in Central Delta and to the export pumps.

**SENATOR JOHANNESSEN:** Right. But it was bought for that purpose, I'm assuming. Okay.

**MR. SNOW:** Right.

**SENATOR JOHANNESSEN:** One of the real obvious concerns, financially or otherwise, as you have heard, were for the flood protection. Now, I, having been there, seeing it -- the thousands of acres that went underneath the water and all the rest of the stuff, in the Ecosystem Restoration which you are doing now, which is you're buying a tremendous amount of land, whatever you need, wouldn't it be reasonable to -- in that also be concerned with the flood protection? You just can't have Northern California just meandering streams. It can't be that. Are there, in the pipeline, any funding available for this kind of a flood protection issue? Or is it just for eco restoration at this point?

**MR. SNOW:** I'm not sure of your exact question, but let me try.

**SENATOR JOHANNESSEN:** Well, the answer was, we have no interest or concern for flood protection north of the Delta. That tells me --

**MR. SNOW:** Well, I don't know who's answer that was, or how direct a quote it is, but it's inaccurate in terms of it not --

**SENATOR JOHANNESSEN:** Well, it was a direct quote and we have it on tape. But I just wanted to tell you this concerned us.

**MR. SNOW:** Good. Well, let me respond to that. In terms of a program purpose related to flood control, our only program purpose is the Delta Levee Program in the Delta, and has been on the onset.



However, in other areas, it's not an issue we don't have concern or interest in it, and we are not cognizant of actions that could result in flood impacts, and we need to take care of those issues. When you move outside of the Delta, the flood control issue is in the jurisdiction of the Corps and the Department of Water Resources. As I'm sure you're aware, as a result of the '97 floods that you've made reference to, the Corps and the Department of Water Resources is undertaking what they refer to as the, Sacramento and San Joaquin River Basins Comprehensive Study, that has as its purpose, coming up with a broader comprehensive assessment of what needs to be done for flood protection outside of the Delta.

**SENATOR JOHANNESSEN:** Any funding availability that you can see? If you can buy the land -- let me see, I want to get the direct quote here. Dick Daniels, California CALFED Assistant Director to hold the Yuba City Town Hall Meeting that flood protection north of the Delta was never a CALFED concern.

**MR. SNOW:** It was never a CALFED objective. It's a concern in the sense it related to the other people's testimony here today. It is not our intent, and it is our concern, that any actions that we would take would exacerbate flood control measures. And in fact, major elements of the Ecosystem Restoration Program are designed to make it easier to maintain levees. As you're probably aware there's been --

**SENATOR JOHANNESSEN:** (inaudible)

**MR. SNOW:** No. Not setbacks. It can be setbacks, but I think you're aware of some of the difficulties and conflicts in the past of people trying to maintain their levees or do improvement work on their levees and find out that they have elderberry bushes and therefore

have to care for the elderberry beetle. The intent of the Ecosystem Restoration Program is to do enough mitigation so that those types of maintenance actions can be done on a routine basis without worrying about endangered species. Major funding for the broader --

**SENATOR JOHANNESSEN:** I've been carrying legislation, but I finally got some of it through, but still have a long way to go.

**MR. SNOW:** Major funding for the broader flood control issues are expected to eventually come from this comprehensive assessment that's being done by DWR and the Corps of Engineers.

**SENATOR JOHANNESSEN:** But here again, is there any funding available to do the levee restoration or the levee work that we need to have?

**MR. SNOW:** Outside of the Delta, not through the CALFED Program.

**SENATOR JOHANNESSEN:** How can you answer the local concerns on programs and project notifications, fundings and so forth? Is there any -- especially that too, the response time seems to be a little bit short.

**MR. SNOW:** We think we've started down that path in terms of adding requirements for notification; adding specific requirements of somebody submitting a proposal about somebody else's property. They have to submit evidence of having those people onboard; requirements for developing a public outreach plan. Actually with the interactions from Butte County and other places, we've started making a number of changes to the program to improve the level of coordination. So I think we're on a path to start addressing some of those issues and perhaps

not all of them in the fashion that the county would prefer, but nonetheless making some improvement.

**SENATOR JOHANNESSEN:** Yes. We're tracking -- attempting to track a substantial amount of property being purchased and there's about 37,000 acres that's already been purchased. Out of that 37 there was another -- I figure we used 4,891, roughly about 4,900 acres out of that that we specifically went after which we're trying to find if it was converted -- land that was converted and did we have an EIR of that? Or did that conform with the CEQA requirements when that land was purchased and put out of production?

**MR. SNOW:** I'm sure it conformed with CEQA requirements. I don't know the status of each of those projects, or whose they were, or how they proceeded or what the current status is today.

**SENATOR JOHANNESSEN:** We couldn't find it, that's why curiosity comes in; we couldn't find whether the CEQA process was followed, or anything else. We just want to know. We're trying to track that and it's difficult to do with the manpower that we have, but we will do it.

You had a question.

**SENATOR COSTA:** Thank you, Mr. Chairman. A couple of questions; getting back to the comments you made on the isolated facility and the preferred alternative and the process you're going through -- and this is not a question, this is really my own personal comment, but I know that you've been trying to do the best that you can with all the stakeholders, but I think it's important to acknowledge that the preferred alternative that we're pursuing is done so with the -- I think enormous concern that is out there, and you stated it in a

politically correct sort of way in terms of the inability to provide the assurances necessary that an isolated facility would require if you were to overcome those political hurdles. The fact of the matter is that we are the (as best as I can determine) only industrialized nation, if you consider California a nation state, that provides over half its drinking water supply to it's urban population where we mix fresh water with salt water and then treat it for drinking purposes. They do that in some third-world countries, but no where can I find that we do that for over 16 million people and will continue to do it, in my opinion, until the Environmental Protection Agency says that mothers in their third-trimester shouldn't be drinking water that is treated in this fashion will do it when the U.S. Fish & Wildlife Service has said you've tried to do everything you can to keep fish entrainment from happening, but your best efforts have not succeeded and therefore an isolated facility is necessary. People like myself are in deep suspect whenever we talk about the benefits of an isolated facility. And what you've done is you've taken the course of least resistance for reasons that I think most of us understand. It's not -- it's pretty amazing to think about when so little -- so few folks in the state really care, or are focused on our long-term water needs, that you could have a combination of political interests from the environmental community, Northern California and leadership that is -- has it's own views dominated that you would set that course of action and I don't see anything from deterring that.

The comment that the previous witness made -- and I don't know, maybe you can't do it though because it answered the questions that the Chairman raised as to whether or not you ought to be looking at it concurrently, or being more up front about where you've made your

determination, but the fact of the matter is absent some great event, we're going to muddle along and try this through-facility and see how well it works, and spending a lot of money in the process. And we may find that it doesn't satisfy our long-term needs.

**MR. SNOW:** Maybe if I could clarify a little bit related to the point that John Mills raised: part of the drinking water quality strategy to utilize through-Delta and still be making progress does assume that you're doing some planning work on alternative conveyance on an isolated facility. What it doesn't include though, is in stage one of the program you'd be pursuing 404 permits or actual construction, but it does assume that you're doing some additional investigation so that when you get to that point in 2008, when you're hearing from the expert panel and they're preparing the report for the Legislature and CALFED, they're looking at the changes that have been made; they're looking at the role that storage can play and they're also looking at the recent modeling of the small isolated facility just so that all the information is on the table. So it's not a matter of closing one's eyes for eight years and ignoring the issue.

**SENATOR COSTA:** No. No. And I don't suggest that you've closed your eyes. You've put it in a different fashion. I don't disagree with what you said, but I think we need to acknowledge why we are taking this course.

And your other comment earlier about -- I have told folks for years that this is an incremental process, whether it's termed as three-yards-in-a-cloud-of-dust, or however you want to describe it, but the fact is we make incremental process every step of the way, and that's what I've tried to do in previous pieces of legislation I've carried. That's

what I tried to do in Prop. 204, and that's why I'm trying another bond measure. There's nothing about this bond measure that we're putting together that's magic, or that's going to score any touchdown, but it's going to provide some incremental financing as we continue to make progress and move, hopefully, down the field. For some people, that's not fast enough. For some people it's not ambitious enough. If other folks can figure out other ways to get there quicker, I'm all for getting there.

Two other technical questions as it relates to the aspect, and since it was raised earlier by a previous witness, when you add the outcome of the Secretary of Interior's decision on the Trinity River, which we think will happen in the next year or so, that's going to be a loss, in my view, of some 250,000 acre feet of water. I don't think that decision is going to accrue to the benefit of the current water users. Is there any disagreement there?

**MR. SNOW:** No. The modeling studies shows an average impact of nearly 250,000 acre feet when fully implemented.

**SENATOR COSTA:** Okay. So when you add the 800,000 acre feet of water that was reallocated in '92 and you add that to this, it's over a million acre feet of water.

A couple of years ago -- I don't know if it was in a hearing or just a conversation you and I were having -- I think this matrix is good when you talk about an integrated water management plan on page-13, but it seems to me, when you start off with the numbers, and I've suggested this before, we ought to get some agreement on how much agriculture is currently using both from our groundwater supply, as well as from our surface supply, as well as from conservation means.

And I think we need to do the same with urban so that at least we have some understanding of what the current dependency is for every segment of the economy, as well as every region, so that when we talk about CALFED's attempt to provide water reliability as it relates to the Bay and the Delta, we start off by subtracting a million acre feet of water to certain water users because -- and it gets back to that other aspect of the matrix and that is the environmental water account that you include there. We can, I think, have a better chance, it seems to me, of overcoming some of the differences that exist if we can agree what some of the goals are in terms of specific acre feet of water in terms of numbers. There's a lot of ways, I think, to skin-this-cat (for lack of a better term), but we've got to get some acknowledgement that we can't stay in business in agriculture unless we have so many acre feet of water. We've got to get some acknowledgement that you can't continue to allow for the long-term management of the growth of our cities without certain amount acre feet of water, etc., etc. And the environmental community ought to be willing to put up. Are you pursuing that track in some fashion?

**MR. SNOW:** Well, in some fashion.

**SENATOR COSTA:** You could probably say it more articulately than I was able to do, but how are you pursuing that?

**MR. SNOW:** The difficulty, and you know this only too well because of your district, but so many of these recent vagaries of water supply and hits all concentrate in one location because of the contracts and who's taking the action it all ends up on the west side. If we had the 800,000, and then the future 250,000 and you spread that all over the state, it's much more manageable. But when it concentrates in one

location associated with the diversion from one point, it has made it more difficult to deal with, although I think we're on path, again, it's an incremental approach and as you may know, the west side has requested the Secretary to look at a phase-in of Trinity and so that it can be phased with other tools and therefore lessen the percipitous impact of it.

**SENATOR COSTA:** Well, I think that's one of the reasons the Secretary has come out and stated on a number of occasions, he supports additional surface storage because he sees that he's going to have to make up the gap.

Where do you get the biologists in agreement with the environmental community that a million acre feet of water plus is doing X amount of good as it relates not just to water quality, but to fisheries in the Sacramento, San Joaquin River systems?

**MR. SNOW:** It has been an elusive point where we've gotten complete agreement.

**SENATOR COSTA:** That acknowledgement.

**MR. SNOW:** Yes. And that's why we've tried to set up a process and we try to make sure that it's purchase acquisition.

**SENATOR COSTA:** You have got to be able to measure this in some way, it seems to me.

**MR. SNOW:** Right. We have indicators set up so we can see what the improvement is. It is somewhat ironic to have this discussion in this year where there seems to be Delta smelt everywhere in the system and we've had the highest count ever on Butte Creek for salmon returning. So it's interesting.

**SENATOR COSTA:** Declare success and go home.



**MR. SNOW:** Okay.

**SENATOR COSTA:** You won.

**SENATOR JOHANNESSEN:** We're about a third through with what we have to do, but we said that we would try to get out of here by 3:30, but we still didn't do that and obviously the -- I would assume that as soon as you have any kind of report back, whether it's the 25th, or the 24th, or the 15th, that we can get a copy and we can start looking over because maybe within that report answers a lot of the questions which we'd be asking. So rather than doing that -- but you know, I just hope that when we start talking about 2007, 2008, I hope we can get something -- a plan in place that can do the job prior to that because what worries me is that if it becomes so contentious that really another war starting over the water, that we will never get anywhere. And not only that, but the costs, I'm assuming, unless we have another depression, which is not unthinkable, but not quite probably what we'd like to think about, but that the cost of providing infrastructure is going to be necessary, is going to be so prohibitive that the farmers couldn't afford to pay their share of the freight. So for those many reasons, I'm hoping that we could basically bite-the-bullet and start thinking about this is the absolute best our brains can come up with. Let's proceed on that tract and see where we go with it, rather than this constant appeasement, although I would love to see some appeasement in our direction. But we haven't seen it yet -- do you understand what I mean? But I think that we do the public a terrible disservice by not putting everything on the table and explain the actions. And in my particular case, I can't be re-elected after 2002 anyway, so I really don't have to worry about that particular part of it. I'd just like to see it

done. I'd like to see some definitive direction somewhere that we can move and if there are people who, on either side of the spectrum, that are so absolutely ideological, sort of totally blinded with it that we're going to -- there has to be enough people in the center that can move the process along to get the job done. There has to be because I don't think we can appease everybody. You can't do that. And the question is how much are we willing to go-out-on-a-limb to do all this? It's an interesting thing to ponder.

**MR. SNOW:** Indeed. On a daily basis.

**SENATOR JOHANNESSEN:** On a daily basis. Anyway, appreciate your being here. And we had intended to do more than this but we're going to wait and see. And then hopefully, I'd appreciate if we can get, as early as possible, the draft so we can go over it because I would like to have some time to study it -- the limited time that we have. It's a terrible time to study that kind of an issue in the middle of what we're doing now, but I'd appreciate it.

**MR. SNOW:** Have the budget done by the 25th though, right?

**SENATOR JOHANNESSEN:** Oh, yes.

**SENATOR COSTA:** Well, actually, it's -- this year it's --

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